

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4119-02
Bill No.: SB 521
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
Department; Boards, Commissions, Committees, Councils; Teachers
Type: Original
Date: March 3, 2014

Bill Summary: This proposal modifies provisions relating to elementary and secondary education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** offered the following assumptions regarding this proposal:

§161.237.5 (2) - School Report Cards

DESE does not currently house data that would enable it to assign a letter grade to an alternative school. Data coming from an alternative school is reported to DESE as if coming from the district's normal high school(s). Unknown costs for both DESE and school districts operating alternative schools would be associated with collection of these data.

In addition, alternative school settings often have a limited school population and would likely not meet the criteria of §161.237.5 (1).

Oversight assumes the proposal states that alternative schools "may" chose to receive a letter grade. This, combined with DESE's assumption that alternative schools may be too small to receive a letter grade, would indicate no cost for this section. Oversight will, for fiscal purposes only assign no cost for this section of the proposal.

§168.225.3 - Salary Schedules

This subsection indicates that DESE "may" provide technical assistance. While the language is permissive, DESE assumes it would chose to provide technical assistance given the fact that the section requires districts to implement the evaluation system. DESE would incur significant costs to provide or help develop training for evaluators and a resource bank that identifies assessments.

DESE assumes the remaining requirements of this proposal will likely result in significant costs to local school districts.

Oversight assumes that since the proposal requires the adoption of the performance salary schedule by July 1, 2015, costs incurred by school districts would not begin until FY 2016.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the

ASSUMPTION (continued)

General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Kansas City Public Schools (KCPS)** state that two sections should have little to no fiscal impact to KCPS, but it depends on the implementation policy which has not been developed by DESE:

§161.237 - DESE development of a school report card.

§168.128 & 167.410 - Implementation of the "St. Louis Plan", unless the KCPS existing evaluation and professional development plan is required to be modified.

Officials from the **Francis Howell School District (FHSD)** state that a performance salary schedule could potentially increase costs for FHSD; however, without a clear idea of that schedule it is not possible to determine the fiscal impact at this time.

Officials from the **Cole R-I School District** state there could be a possible financial impact on their district due to the requirement of developing a "performance salary schedule". The cost is unknown at this time.

Officials from the **Fulton Public School District** state that to implement annual evaluations as described in the bill, their district will need seven additional supervisor/administrators. Total cost of salaries, benefits, and retirement would cost \$680,400.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Costs</u> - DESE - Technical assistance and resource bank (§168.225)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown - May exceed \$100,000)</u>	<u>(Unknown - May exceed \$100,000)</u>	<u>(Unknown - May exceed \$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL POLITICAL SUBDIVISIONS			
<u>Costs</u> - School Districts - Performance salary schedules and evaluations		(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>(Unknown - Expected to exceed \$100,000)</u>	<u>(Unknown - Expected to exceed \$100,000)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies provisions relating to elementary and secondary education.

§161.237 - SCHOOL REPORT CARDS

The State Board of Education must develop a simplified annual school report card for each school attendance center. Each school will be given a letter grade of A, B, C, D or F based on percentages identified in the bill that correspond to the percentage of points earned in each of the

LMD:LR:OD

FISCAL DESCRIPTION (continued)

standards on the simplified annual school report card. Each school will be given an overall letter grade that reflects the percentage of points the school earned of all points available on the report card. Alternative schools will not receive a report card unless they specifically request one. Grades will not be assigned to schools if the number of students tested is smaller than the minimum sample size necessary based on professional practices for statistical reliability. The report card must also identify each school's performance as having improved, remained the same, or declined based on the prior year in terms of the letter grade and value.

§168.124 - TEACHER TENURE

This section limits teacher tenure to teachers first hired by a district before August 28, 2014. Teachers hired on or after August 28, 2014 will not receive tenure.

§168.221 - REDUCTION IN TEACHER FORCE

This section repeals the criteria that a school board uses when placing teachers on leave of absence because of a decrease in student enrollment, district reorganization, or financial condition.

§168.128 & 168.410 - TEACHER AND ADMINISTRATOR EVALUATIONS

Current law requires each school board to cause a comprehensive, performance-based evaluation for each teacher and administrator. This proposal specifies that the evaluation be done annually. For teachers, the evaluation system developed by DESE must be used, or a district evaluation that utilizes the standards and indicators in the DESE system. In addition, this bill requires the school board of the Saint Louis City School District to perform such an evaluation for Saint Louis teachers.

§168.225 - SALARY SCHEDULES

Each school district must develop and adopt a performance salary schedule for all instructional personnel by July 1, 2015. The performance salary schedule must review and may provide annual salary adjustments based upon performance determined by the annual evaluation system used by the district. Teachers must be evaluated using multiple, fair, rigorous, transparent, and valid measures. A district may use the model evaluation form developed by the Department of Elementary and Secondary Education or a district evaluation form that utilizes the standards and indicators in the Department's system. The performance salary schedule must not use advanced degrees as a basis for setting a salary schedule unless the advanced degree is in the area of

FISCAL DESCRIPTION (continued)

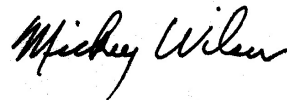
certification or expertise.

A district may develop additional salary schedules differentiated on assignment to a Title I school, teaching in a subject area for which there is a teacher shortage, or to reflect the supply and demand of the teacher labor market.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
School Districts
 Fulton
 Cole R-I
 Francis Howell
 Kansas City Public Schools



Mickey Wilson, CPA
Director
March 3, 2014

Ross Strobe
Assistant Director

L.R. No. 4119-02
Bill No. SB 521
Page 8 of 8
March 3, 2014

March 3, 2014

LMD:LR:OD